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Programme budget for the biennium 2004-2005

Administrative arrangements for the International Trade Centre

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the report of the Secretary-General on administrative arrangements for the International Trade Centre (ITC) (A/59/405). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General is submitted pursuant to General Assembly decision 57/572 of 20 December 2002, in which the Assembly endorsed the Secretary-General's recommendation for the initiation of consultations with ITC and the World Trade Organization (WTO) for a joint review of the administrative arrangements for ITC, with a view to streamlining the number of budget documents produced and simplifying the budgetary approval process for the Centre to the extent possible.

3. The Advisory Committee notes that the report, prepared in consultation with the secretariats of WTO and the Centre, presents a series of recommendations to simplify the administrative arrangements, taking advantage of the recent changes in the budgetary processes of both parent organizations: in the case of the United Nations, the replacement of the four-year medium-term plan by a biennium-based strategic framework; and at WTO, the adoption of a biennium budget cycle, coinciding with that of the United Nations, replacing the previous annual one, in force until the end of 2003.

4. The Advisory Committee further notes that the technical foundations upon which the administrative arrangements are based remain the same, that is: the budget of ITC is funded in equal parts by the United Nations and WTO; the budget of ITC is calculated in Swiss francs; the United Nations Staff Rules and Regulations, Financial Rules and Regulations and oversight mechanisms apply to ITC; both parent organizations are provided with the budgetary information

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simultaneously; and reports of United Nations oversight bodies and financial statements are provided to WTO (A/59/405, sect. II).

5. However, the preparation of a budget outline for approval by both parent organizations will be discontinued for the reasons indicated in paragraph 9 of the report. Instead, a simplified fascicle will be submitted in the spring of the year preceding the forthcoming financial period to the General Assembly and the WTO General Council in order that they may take note of the proposed level of resources. The issuance of the fascicle will be followed by a full detailed proposal to be submitted in the fall for decision by both bodies. The annex to the Secretary-General's report provides a detailed timeline of the current and proposed simplified procedures for the review of the ITC budget by the United Nations and WTO.

6. Since the strategic framework, as approved by the Committee for Programme and Coordination, is now an integral part of the 2006-2007 biennial budget submission, in replacement of the previous four-year medium-term plan, ITC will submit its strategic framework to the Committee for Programme and Coordination in the spring of the first year of a financial period, taking into account the review and comments of the ITC Joint Advisory Board (including the UNCTAD Development Board and the WTO Committee on Trade and Development).

7. As to the issue of the submission of the budget fascicle to WTO and the United Nations in only one format instead of two, the Advisory Committee notes that, after extensive review, it was concluded that in view of the differing requirements of the review bodies of both organizations, ITC will continue to prepare two budget fascicles containing the same financial and substantive information in different formats (see A/59/405, sect. V). **The Advisory Committee encourages ITC to endeavour to harmonize the two documents, where possible, in consultation with both the United Nations and World Trade Organization Secretariats.**

8. **The Advisory Committee recommends that the General Assembly take note of the Secretary-General's report (A/59/405) and that it endorse the recommendations contained therein.**